

RIVERWALK EDUCATION FOUNDATION, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2020

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RIVERWALK EDUCATION FOUNDATION, INC.

015-827

015-831

(Federal Employer Identification Number: 01-0758906)

CERTIFICATE OF BOARD

June 30, 2020

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Riverwalk Education Foundation, Inc. dba School of Science & Technology was reviewed and approved disapproved for the year ended June 30, 2020, at a meeting of the governing body of the charter holder on the 11th day of December, 2020.



Signature of Board Secretary



Signature of Board President

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RWEF, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

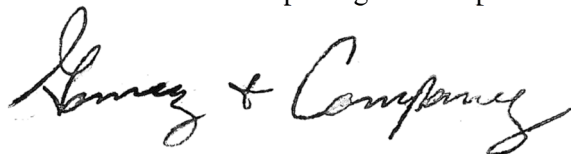
We have previously audited RWEF's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of RWEF, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RWEF, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RWEF, Inc.'s internal control over financial reporting and compliance.



Houston, TX
December 11, 2020

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

| | 2020 | 2019 |
|---|-----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 9,988,616 | \$ 7,020,115 |
| Restricted Cash | 115,796,744 | 526,029 |
| Grants Receivable | 10,972,346 | 6,069,887 |
| Other Receivables | 803,000 | - |
| Total Current Assets | 137,560,706 | 13,616,031 |
| Property and Equipment | | |
| Land | 22,231,381 | 864,700 |
| Building and Improvements | 54,052,936 | 14,559,806 |
| Furniture and Equipment | 6,545,095 | 2,583,563 |
| Construction in Progress | 1,899,560 | - |
| | 84,728,972 | 18,008,069 |
| Less: Accumulated Depreciation | (8,937,963) | (7,371,382) |
| | 75,791,009 | 10,636,687 |
| Other Assets | | |
| Deposits | 899,903 | 1,194,816 |
| TOTAL ASSETS | \$ 214,251,618 | \$ 25,447,534 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | \$ 182,176 | \$ 74,512 |
| Wages Payable | 4,705,132 | 2,826,120 |
| Accrued Payroll Liabilities | 639,244 | 343,789 |
| Accrued Liabilities | 1,373,245 | 829,119 |
| Interest Payable | 3,657,268 | 95,387 |
| Current Portion of Deferred Rent | 8,994 | 90,393 |
| Current Portion of Capital Leases Payable | 32,185 | 120,192 |
| Current Portion of Notes Payable net of Issuance Costs | 41,576 | 3,828,741 |
| Current Portion of Bonds Payable | 458,000 | 450,000 |
| Total Current Liabilities | 11,097,820 | 8,658,253 |
| Long-Term Liabilities | | |
| Deferred Rent net of Current Portion | 21,736 | 2,822,716 |
| Capital Leases net of Current Portion | - | 32,185 |
| Notes Payable net of Current Portion | 497,576 | 68,902 |
| Bonds Payable net of Premium, Issuance Costs, and Current Portion | 190,329,182 | 7,564,074 |
| Total Long-Term Liabilities | 190,848,494 | 10,487,877 |
| TOTAL LIABILITIES | 201,946,314 | 19,146,130 |
| Net Assets | | |
| Without Donor Restrictions | 5,103,762 | 1,122,613 |
| With Donor Restrictions | 7,201,542 | 5,178,791 |
| TOTAL NET ASSETS | 12,305,304 | 6,301,404 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 214,251,618 | \$ 25,447,534 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|--|-------------------------------|----------------------------|---------------|---------------|
| Revenues | | | | |
| Local Support: | | | | |
| Other revenues from local sources | \$ 1,705,203 | \$ 1,020,000 | \$ 2,725,203 | \$ 2,471,682 |
| Interest Income | 468,863 | - | 468,863 | 13,842 |
| Total Local Support | 2,174,066 | 1,020,000 | 3,194,066 | 2,485,524 |
| State Program Revenues | - | 55,640,827 | 55,640,827 | 37,114,116 |
| Federal Program Revenues | - | 4,455,278 | 4,455,278 | 3,745,057 |
| State Revenues from State Agencies | - | 343,820 | 343,820 | - |
| Net Assets Released from Restrictions: | | | | |
| Restrictions Satisfied by Payments | 59,437,174 | (59,437,174) | - | - |
| Total Revenues | 61,611,240 | 2,022,751 | 63,633,991 | 43,344,697 |
| Expenses | | | | |
| Program Services | | | | |
| Instruction and Instructional-Related Services | 38,590,124 | - | 38,590,124 | 24,676,564 |
| Instructional and School Leadership | 5,807,787 | - | 5,807,787 | 3,716,220 |
| Total Program Services | 44,397,911 | - | 44,397,911 | 28,392,784 |
| Support Services | | | | |
| Administrative Support Services | 4,733,715 | - | 4,733,715 | 3,730,590 |
| Ancillary Services | - | - | - | - |
| Support Services- Non-Student Based | 7,920,357 | - | 7,920,357 | 9,222,974 |
| Support Services- Student (Pupil) | 2,550,705 | - | 2,550,705 | 2,546,432 |
| Debt Service | 2,008,552 | - | 2,008,552 | 386,599 |
| Total Support Services | 17,213,329 | - | 17,213,329 | 15,886,595 |
| Total Expenses | 61,611,240 | - | 61,611,240 | 44,279,379 |
| Gain on Termination of Occupancy Lease | 3,181,149 | - | 3,181,149 | - |
| Gain on Liquidated Damages | 800,000 | - | 800,000 | - |
| Change in Net Assets | 3,981,149 | 2,022,751 | 6,003,900 | (934,682) |
| Net Assets, beginning of year | 1,122,613 | 5,178,791 | 6,301,404 | 7,236,086 |
| Net Assets, end of year | \$ 5,103,762 | \$ 7,201,542 | \$ 12,305,304 | \$ 6,301,404 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | Program Services | Supporting Services | | | 2020 Total | 2019 Total |
|-------------------------------|----------------------|-------------------------------|-------------|---------------------------------|----------------------|----------------------|
| | Program Expense | General and Administrative | Fundraising | Total Supporting Services | | |
| Expenses | | | | | | |
| Salaries | \$ 34,258,462 | \$ 3,467,900 | \$ - | \$ 3,467,900 | \$ 37,726,362 | \$ 24,360,929 |
| Payroll taxes | 564,647 | 55,316 | - | 55,316 | 619,963 | 410,716 |
| Employee benefits | 3,801,095 | 429,762 | - | 429,762 | 4,230,857 | 2,380,367 |
| Rental Expense | 1,191 | 3,123,900 | - | 3,123,900 | 3,125,092 | 5,788,980 |
| Maintenance and Repairs | 44,319 | 1,362,215 | - | 1,362,215 | 1,406,534 | 1,151,988 |
| Utilities | 8,640 | 1,054,283 | - | 1,054,283 | 1,062,923 | 712,816 |
| Depreciation and Amortization | - | 1,697,965 | - | 1,697,965 | 1,697,965 | 1,091,826 |
| Supplies | 2,525,206 | 607,583 | - | 607,583 | 3,132,789 | 2,643,589 |
| Travel | 147,427 | 139,921 | - | 139,921 | 287,349 | 234,810 |
| Equipment Lease | 121,762 | - | - | - | 121,762 | 211,355 |
| Insurance | - | 118,012 | - | 118,012 | 118,012 | 57,870 |
| Professional Fees | 2,341,545 | 2,483,237 | - | 2,483,237 | 4,824,782 | 3,546,350 |
| Training | 14,816 | - | - | - | 14,816 | 46,723 |
| Interest | - | 1,877,168 | - | 1,877,168 | 1,877,168 | 368,590 |
| Other | 568,801 | 796,065 | - | 796,065 | 1,364,866 | 1,272,470 |
| Total Expenses | \$ 44,397,911 | \$ 17,213,329 | \$ - | \$ 17,213,329 | \$ 61,611,240 | \$ 44,279,379 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | 2020 | 2019 |
|---|----------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 6,003,900 | \$ (934,682) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 1,566,581 | 1,073,817 |
| Amortization expense | 131,384 | 18,008 |
| Amortization of Premium | (224,318) | - |
| (Increase) Decrease in Grants Receivable | (4,902,459) | (110,036) |
| (Increase) Decrease in Other Receivable | (803,000) | 65,007 |
| (Increase) Decrease in Deposits | 294,912 | (794,836) |
| Increase (Decrease) in Accounts Payable | 107,662 | 34,502 |
| Increase (Decrease) in Accrued Liabilities | 544,126 | 28,885 |
| Increase (Decrease) in Accrued Wages | 1,879,013 | 265,996 |
| Increase (Decrease) in Payroll Tax Payable | 295,457 | 60,421 |
| Increase (Decrease) in Interest Payable | 3,561,881 | (5,372) |
| Increase (Decrease) in Deferred Rent | (2,882,379) | 2,538,998 |
| Total Adjustments | (431,140) | 3,175,390 |
| Net Cash Provided (Used) by Operating Activities | 5,572,759 | 2,240,708 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash paid for purchases of fixed assets | (66,720,903) | (2,700,036) |
| Net Cash Provided (Used) By Investing Activities | (66,720,903) | (2,700,036) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Loans | 473,739 | 3,786,125 |
| Proceeds from Bonds | 189,867,705 | - |
| Repayment of Issuance Cost | (6,551,663) | - |
| Repayment of Capital Lease | (120,192) | (112,925) |
| Repayment of Loans | (3,832,229) | (192,555) |
| Repayment of Bonds | (450,000) | (435,000) |
| Net Cash Provided (Used) By Financing Activities | 179,387,360 | 3,045,645 |
| NET INCREASE (DECREASE) IN CASH | 118,239,216 | 2,586,317 |
| CASH AT BEGINNING OF YEAR | 7,546,144 | 4,959,827 |
| CASH AT END OF YEAR | \$ 125,785,360 | \$ 7,546,144 |
| <u>CASH PAID DURING THE YEAR FOR:</u> | | |
| INTEREST | \$ 1,877,168 | \$ 368,590 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

A. Organization:

The Riverwalk Education Foundation, Inc. (RWEF, Inc.) is a nonprofit organization that provides public education for students in grades K through 12. The foundation was incorporated in the State of Texas on September 6, 2002, under the Texas Non-Profit Corporation Act. On September 5, 2003, the Internal Revenue Service determined that the organization was exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

In conformance to its charter granted by the State Board of Education in accordance with Texas Education Code Section 12, Subchapter D, Open-Enrollment Charter School, the Organization operates as part of the state public school system subject to all federal and state laws and rules governing public schools. The Organization is also subject to all laws and rules pertaining to open-enrollment charter schools in section 12 of the Texas Education Code.

The charter holder, Riverwalk Education, Inc. operates charter schools and does not conduct any other charter or non-charter activities.

B. Summary of Significant Accounting Policies:

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. RWEF, Inc. reports its financial information based on the *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-205 Presentation of Financial Statements*. Under *FASB ASC 958-205*, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions

CLASSIFICATION OF NET ASSETS

Net assets of RWEF, Inc. are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of RWEF, Inc. Certain restrictions may need to be maintained in perpetuity.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

B. Summary of Significant Accounting Policies: (Continued)

CLASSIFICATION OF NET ASSETS (Continued)

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include all of RWEF, Inc.'s accounts. All significant interagency balances and transactions have been eliminated.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. Functional expenses which cannot readily be related to a specific program are charged to the various programs based upon hours worked, square footage, number of program staff, or other reasonable methods for allocating the organization's multiple function expenditures.

CASH DONATIONS AND DONATED SERVICES

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the Organization.

CONTRIBUTIONS

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-605 Revenue Recognition*, contributions received are recorded as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

B. Summary of Significant Accounting Policies: (Continued)

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give a contribution to RWEF, Inc. that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

PROPERTY AND EQUIPMENT

Property and equipment purchased by RWEF, Inc. are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All purchases and donations in excess of \$5,000 are capitalized. Depreciation is provided on the straight-line method based upon estimated useful lives of five years for equipment, seven years for furniture, fifteen years for building and land improvements, and thirty years for buildings. Gains or losses on retired or sold property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to net assets without donor restrictions.

INCOME TAXES

RWEF, Inc. qualifies as a tax-exempt organization under section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

CASH AND CASH EQUIVALENTS

RWEF, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts with various banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account. At times, individual bank accounts exceeded federally insured limits. RWEF, Inc. has not experienced any losses on such accounts.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires RWEF, Inc. management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

C. Pension Plan:

Plan Description

The charter school contributes to the Teacher Retirement System of Texas (“TRS”), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school but are the liability of the State of Texas. TRS administers the retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public-school systems of Texas. The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (“ISD”) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement.

The latest TRS Comprehensive Annual Financial Report available dated August 31, 2020 provided the following information:

| <u>Pension Fund</u> | <u>Total Plan Assets 2020</u> | <u>Total Pension Liability 2020</u> | <u>Percent Funded</u> |
|-------------------------|-----------------------------------|---|---------------------------|
| TRS | \$ 184,361,871,000 | \$ 218,974,205,000 | 75.54% |

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

C. Pension Plan: (Continued)

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 7.7% for fiscal year 2020. The state's contribution rate as a non-employer contributing entity was 7.5% for fiscal year 2020. The charter school's employee contributions to the system for the year ended June 30, 2020 were \$2,672,973 equal to the required contributions for the year.

Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 7.5% totaling \$105,139 for the year ended June 30, 2020. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan. The charter school was assessed a surcharge of \$13,685.

D. Budget:

The official school budget is prepared for adoption for required Governmental Fund Types. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

E. Liquidity and Availability of Financial Assets:

The following reflects RWEF, Inc.'s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

| | | |
|--|----|--------------------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ | 125,785,360 |
| Grants receivable | | 10,972,346 |
| Other receivables | | 803,000 |
| Total financial assets | | <u>137,560,706</u> |
| Less those unavailable for general expenditures within one year, due to: | | |
| Cash restrictions as to use | | <u>115,796,744</u> |
| Financial assets available to meet cash needs for general expenditure within one year | \$ | <u><u>21,763,962</u></u> |

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization. Excess cash is invested in short-term investments such as certificates of deposit that have maturity dates of less than three months.

F. Operating Lease Commitment:

RWEF, Inc. leases equipment and facilities under non-cancelable operating leases. The minimum annual lease commitment is as follows:

| <u>Twelve months ending June 30,</u> | <u>Amount</u> |
|--------------------------------------|----------------------|
| 2021 | \$ 2,413,787 |
| 2022 | 2,409,609 |
| 2023 | 1,999,625 |
| 2024 | 1,778,608 |
| 2025 | 1,598,192 |
| Thereafter | <u>23,572,513</u> |
| Total | <u>\$ 33,772,334</u> |

Operating lease expense amounted to \$3,246,853 for the year ended June 30, 2020.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

G. Deferred Rent:

RWEF, Inc. has entered into long-term lease agreements for the use of land and buildings. As an incentive to the signing of many of those lease agreements, landlords have offered RWEF, Inc. varying periods of free rent that range from five months to twenty-seven months. Those periods of free rent have been recognized as liabilities and represent a reduction in rental expenses on a straight-line basis over the term of each respective lease agreement. Deferred rent for the period ended June 30, 2020 totaled \$30,731.

H. Capital Leases Payable:

RWEF, Inc. leases technology equipment under capital leases as follows:

| | |
|---|-----------|
| Capital lease payable to technology equipment provider in the original amount of \$16,440 requiring monthly payments of \$516 over 36 months through November 2020 at an interest rate of 8.50%. The lease is secured by technology equipment. | \$ 2,541 |
| Capital lease payable to technology equipment provider in the original amount of \$57,540 requiring monthly payments of \$1,819 over 36 months through January 2021 at an interest rate of 8.60%. The lease is secured by technology equipment. | 12,376 |
| Capital lease payable to technology equipment provider in the original amount of \$206,312 requiring monthly payments of \$6,249 over 36 months through August 2020 at an interest rate of 5.71%. The lease is secured by technology equipment. | 12,410 |
| Capital lease payable to technology equipment provider in the original amount of \$34,672 requiring monthly payments of \$1,049 over 36 months through September 2020 at an interest rate of 5.62%. The lease is secured by technology equipment. | 3,117 |
| Capital lease payable to technology equipment provider in the original amount of \$28,065 requiring monthly payments of \$841 over 36 months through August 2020 at an interest rate of 4.95%. The lease is secured by technology equipment. | 1,671 |
| Capital lease payable to technology equipment provider in the original amount of \$28,065 requiring monthly payments of \$841 over 36 months through August 2020 at an interest rate of 4.95%. The lease is secured by technology equipment. | 70 |
| | \$ 32,185 |

Interest expense for capital leases payable amounted to \$540 for the year ended June 30, 2020.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

I. Future Build-to-Suit Lease Commitments

RWEF, Inc. is currently signatory to three build-to-suit lease agreements scheduled to enter into effect in the years subsequent to June 30, 2020. These agreements are contingent upon the execution of significant new construction on the part of landlords, and will commit RWEF, Inc. to future long-term lease expense, or purchase under existing purchase option agreements. Construction under the four agreements is at various phases of completion, with three of the four campuses being built scheduled to enter service in the 2020-21 fiscal year. Each agreement is structured as a twenty-five-year lease agreement. All lease agreements are accompanied by an option to purchase the completed property in the first years of each lease term and through several years of the lease agreements thereafter at estimated prices that range from 103 percent to 125 percent of overall project costs. Early estimates of project costs indicate each site will cost approximately \$10 million to \$21 million. Management has the ability and the intention to purchase each site upon completion of construction.

J. Commitments and Contingencies:

The charter school receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency, and it is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school have complex compliance requirements and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency. The school is economically dependent on these charter school funds.

K. Health Care Coverage:

During the year ended June 30, 2020, employees of RWEF, Inc. were covered by a Health Insurance Plan (the Plan). RWEF, Inc. contributed \$325 for teachers and nonexempt employees; \$425 for Assistant Principals; \$625 for Principals; and \$825 for Superintendents per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

L. Notes Payable:

The organization's obligations under notes payable consists of the following:

Note payable to Rasanet Construction, LLC, dba Sam&m Trade and Construction. The note is dated October 15, 2011, at a 6.0% interest rate, payable in 120 installments of \$4,012 and a face amount of \$361,400. The date of maturity is December 15, 2021. The note is secured by equipment, machinery, furniture and personal property. \$ 65,413

Line of credit facility payable to a major bank with a limit of up to \$10,000,000. The agreement is dated April 16, 2020, carries a 2.75% interest rate, minimum payments include interest only with principal deferred until note maturity. The date of maturity is April 16, 2024. The note is secured by facilities, equipment, machinery, furniture and personal property. 70,000

Line of credit facility payable to a major bank with a limit of up to \$20,000,000. The agreement is dated January 24, 2020, carries a 2.66225% interest rate, minimum payments include interest only with principal deferred until note maturity. The date of maturity is January 24, 2024. The note is secured by equipment, machinery, furniture and personal property. 403,739

| | |
|----------------------|------------|
| Total notes payable | 539,152 |
| Less current portion | (41,576) |
| Total notes payable | \$ 497,576 |

Future maturities of notes payable over the next five years are as follows:

| Year ending June 30, | Principal | Interest | Total |
|----------------------|------------|-----------|------------|
| 2021 | \$ 41,576 | \$ 2,903 | \$ 44,479 |
| 2022 | 23,837 | 9,373 | 33,210 |
| 2023 | - | 8,957 | 8,957 |
| 2024 | 473,739 | 4,479 | 478,218 |
| Total | \$ 539,152 | \$ 25,712 | \$ 564,864 |

RWEF, Inc. has access to two additional revolving lines of credit in an amount up to \$4,045,000. The lines of credit currently carry interest rates between 3.23 and 9.5 percent and are secured by a personal guarantee. The lines of credit each carried a balance of \$-0- at June 30, 2020.

M. Bonds Payable:

RWEF, Inc. has secured bond financing pursuant to Chapter 53 of the Texas Education Code of "Qualified Tax Exempt" Education Revenue Bonds, Series 2014A, Series 2016A, and Series 2019 in the amounts of \$7,420,000; \$2,041,000; and \$176,260,000, respectively.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

M. Bonds Payable: (Continued)

RWEF, Inc. has also issued Taxable Educational Revenue Bonds, Series 2016B in the amount of \$196,000. The bonds are limited obligations of the issuer payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. None of the state, the city, nor any political corporation, subdivision, or agency of the state is pledged to the payment of the principal of premium, or interest on the bonds.

Bonds payable at June 30, 2020 consist of the following:

| | |
|---|------------------------------|
| 2014 A Bonds, 2.0% interest; principal due annually commencing August 15, 2015 and interest due semi-annually commencing August 15, 2014. Maturity dates range from 2016 to 2035. | \$ 6,045,000 |
| 2016 A Bonds, 2.0% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2030 | 1,461,000 |
| 2016 B Bonds, 3.25% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2026 | 151,000 |
| 2019 Bonds, 3.07% interest; principal due annually commencing August 15, 2021 and interest due semi-annually commencing August 15, 2020. Maturity dates range from 2021 to 2055. | 176,260,000 |
| Total | <u>\$ 183,917,000</u> |
| Plus unamortized premium | 13,571,820 |
| Less unamortized issuance costs | (6,701,638) |
| Less current portion | (458,000) |
| | <u><u>\$ 190,329,182</u></u> |

Future maturities of long-term debt at June 30, 2020 are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| 2021 | \$ 458,000 | \$ 7,965,180 | \$ 8,423,180 |
| 2022 | 2,756,000 | 6,825,501 | 9,581,501 |
| 2023 | 2,890,000 | 6,695,204 | 9,585,204 |
| 2024 | 3,024,000 | 6,558,426 | 9,582,426 |
| 2025 | 3,162,000 | 6,415,060 | 9,577,060 |
| Thereafter | 171,627,000 | 101,227,468 | 272,854,468 |
| Total | <u>\$ 183,917,000</u> | <u>\$ 135,686,839</u> | <u>\$ 319,603,839</u> |

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

N. Bond Debt Covenants:

The bond agreements contain certain restrictions and covenants. RWEF, Inc. is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must equal at least 1.10X the annual debt service requirements. Additionally, RWEF, Inc. is required to maintain an operating reserve that covers 45 days of expenses at the end of each fiscal year. Management believes RWEF, Inc. was in compliance with these covenants and all other applicable covenants contained in bond agreements for the year ended June 30, 2020.

O. Restricted Cash:

Restricted cash at June 30, 2020 consisted of debt service cash accounts. These funds are to be solely used in the repayment of bond liabilities and cannot be used for normal operating expenditures.

P. Nets Assets with Donor Restrictions:

Net assets with donor restrictions at June 30, 2020 are restricted as follows:

Subject to expenditure for specified purposes:

| | |
|---|---------------------|
| State-financed general charter school activities | \$ 5,651,542 |
| Support of charter schools located in San Antonio | <u>1,550,000</u> |
| Total restricted funds | <u>\$ 7,201,542</u> |

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Q. Central Office:

RWEF, Inc. operates a Central Office administrative unit to provide administrative services to each of the separate school districts in exchange for an interagency fee. During the fiscal year, the Central Office unit agreed to charge each district an administrative fee equal to approximately 9 percent of state foundation and available per capita school fund revenues. The School of Science and Technology – Main district and the School of Science and Technology – Discovery district paid the Central Office unit \$1,563,867 and \$2,415,602, respectively, and owed the Central Office \$327,278 and \$509,319, respectively. These fees and interagency payables have been eliminated in the presentation of consolidated financial statements.

R. Comparative Totals:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30 of the prior year, from which the summarized information was derived.

S. Evaluation of Subsequent Events:

RWEF, Inc. has evaluated subsequent events through December 11, 2020, the date which the financial statements were available to be issued.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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HOUSTON, TX 77056

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

We have audited the financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) as of and for the year ended June 30, 2020, and our report thereon dated December 11, 2020, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School dated June 30, 2020, and appearing on pages 20 to 37, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Houston, TX
December 11, 2020

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for June 30, 2019)

| | 2020 | 2019 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 3,354,838 | \$ 1,978,865 |
| Restricted Cash | 63,678,952 | 318,598 |
| Grants Receivable | 4,462,517 | 2,825,058 |
| Other Receivables | 803,000 | - |
| Total Current Assets | 72,299,307 | 5,122,521 |
| Property and Equipment | | |
| Land | 12,035,790 | 864,700 |
| Building and Improvements | 13,325,642 | 8,014,281 |
| Construction in Progress | 864,680 | - |
| Furniture and Equipment | 3,119,774 | 1,298,081 |
| | 29,345,886 | 10,177,062 |
| Less: Accumulated Depreciation | (4,593,275) | (3,753,311) |
| | 24,752,611 | 6,423,751 |
| Other Assets | | |
| Deposits | 215,405 | 375,405 |
| TOTAL ASSETS | \$ 97,267,323 | \$ 11,921,677 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | \$ 456,989 | \$ 33,720 |
| Wages Payable | 1,776,837 | 1,110,301 |
| Payroll Taxes Payable | 237,027 | 129,983 |
| Accrued Liabilities | 513,533 | 319,958 |
| Due to Related Entity | 654,963 | - |
| Interest Payable | 1,688,491 | 67,517 |
| Current Portion of Deferred Rent | - | 16,110 |
| Current Portion of Capital Leases Payable | 18,068 | 89,822 |
| Current Portion of Notes Payable | - | 1,797,278 |
| Current Portion of Bonds Payable | 264,525 | 260,000 |
| Total Current Liabilities | 5,610,433 | 3,824,689 |
| Long-term Liabilities | | |
| Deferred Rent net of Current Portion | - | 377,243 |
| Capital Leases net of Current Portion | - | 18,068 |
| Notes Payable net of Current Portion | 174,386 | - |
| Bonds Payable net of Premium, Issuance Costs, and Current Portion | 88,262,712 | 5,131,333 |
| Total Long-term Liabilities | 88,437,098 | 5,526,644 |
| TOTAL LIABILITIES | 94,047,531 | 9,351,333 |
| Net Assets | | |
| Without Donor Restrictions | 1,765,962 | 588,134 |
| With Donor Restrictions | 1,453,830 | 1,982,210 |
| TOTAL NET ASSETS | 3,219,792 | 2,570,344 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 97,267,323 | \$ 11,921,677 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

| | 2020 | 2019 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 6,180,525 | \$ 4,280,490 |
| Restricted Cash | 52,117,792 | 207,431 |
| Grants Receivable | 6,509,829 | 3,244,829 |
| Receivable from Related Entity | 654,963 | - |
| Total Current Assets | 65,463,109 | 7,732,750 |
| Property and Equipment | | |
| Land | 10,195,591 | - |
| Building and Improvements | 40,705,647 | 6,523,878 |
| Furniture and Equipment | 3,425,321 | 1,285,482 |
| Construction in Process | 1,034,880 | - |
| | 55,361,439 | 7,809,360 |
| Less: Accumulated Depreciation | (4,343,425) | (3,616,808) |
| | 51,018,014 | 4,192,552 |
| Other Assets | | |
| Deposits | 672,532 | 807,445 |
| TOTAL ASSETS | \$ 117,153,655 | \$ 12,732,747 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | \$ 561,784 | \$ 30,692 |
| Wages Payable | 2,468,578 | 1,365,700 |
| Payroll Taxes Payable | 340,821 | 169,833 |
| Accrued Liabilities | 725,613 | 414,723 |
| Interest Payable | 1,968,777 | 27,870 |
| Current Portion of Deferred Rent | - | 65,289 |
| Current Portion of Capital Leases Payable | 14,117 | 30,370 |
| Current Portion of Notes Payable | 41,576 | 2,031,463 |
| Current Portion of Bonds Payable | 193,475 | 190,000 |
| Total Current Liabilities | 6,314,741 | 4,325,940 |
| Long-term Liabilities | | |
| Deferred Rent net of Current Portion | - | 2,414,742 |
| Capital Leases net of Current Portion | - | 14,117 |
| Notes Payable net of Current Portion and Issuance Costs | 323,190 | 68,902 |
| Bonds Payable net of Current Portion, Premium and Issuance Costs | 102,066,470 | 2,432,741 |
| Total Long-term Liabilities | 102,389,660 | 4,930,502 |
| Total Liabilities | 108,704,401 | 9,256,442 |
| Net Assets | | |
| Without Donor Restrictions | 3,337,801 | 534,479 |
| With Donor Restrictions | 5,111,453 | 2,941,826 |
| Total Net Assets | 8,449,254 | 3,476,305 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 117,153,655 | \$ 12,732,747 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for June 30, 2019)

| | 2020 | 2019 |
|--------------------------------------|--------------|------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 453,253 | \$ 760,760 |
| Due from Related Entities | 836,597 | - |
| Total Current Assets | 1,289,850 | 760,760 |
| Property and Equipment | | |
| Building and Improvements | 21,647 | 21,647 |
| | 21,647 | 21,647 |
| Less: Accumulated Depreciation | (1,263) | (1,263) |
| Total Property and Equipment | 20,384 | 20,384 |
| Other Assets | | |
| Deposits | 11,966 | 11,966 |
| | 11,966 | 11,966 |
| TOTAL ASSETS | \$ 1,322,200 | \$ 793,110 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | \$ - | \$ 10,100 |
| Wages Payable | 459,717 | 350,119 |
| Payroll Taxes Payable | 61,396 | 43,973 |
| Accrued Liabilities | 134,099 | 94,438 |
| Current Portion of Deferred Rent | 8,994 | 8,994 |
| Total Current Liabilities | 664,206 | 507,624 |
| Long-Term Liabilities | | |
| Deferred Rent Net of Current Portion | 21,736 | 30,731 |
| Total Long-Term Liabilities | 21,736 | 30,731 |
| Total Liabilities | 685,942 | 538,355 |
| Net Assets | | |
| With Donor Restrictions | 636,258 | 254,755 |
| Total Net Assets | 636,258 | 254,755 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,322,200 | \$ 793,110 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|--|-------------------------------|----------------------------|---------------|---------------|
| Revenues | | | | |
| Local Support: | | | | |
| 5740 Other Revenues from Local Sources | \$ 477,899 | \$ 500,000 | \$ 977,899 | \$ 531,161 |
| 5750 Revenue from Cocurricular Activities | 493,379 | - | 493,379 | 499,578 |
| Total Local Support | 971,278 | 500,000 | 1,471,278 | 1,030,739 |
| State Program Revenues: | | | | |
| 5810 Foundation School Program Act Revenues | - | 21,582,409 | 21,582,409 | 16,271,963 |
| 5820 State Program Revenues Distributed by Texas Education Agency | - | 380,691 | 380,691 | 52,920 |
| 5830 State Revenues from State Agencies | - | 171,400 | 171,400 | - |
| Total State Program Revenues | - | 22,134,500 | 22,134,500 | 16,324,883 |
| Federal Program Revenues: | | | | |
| 5920 Federal Revenues Distributed by Texas Education Agency | - | 1,628,382 | 1,628,382 | 1,223,100 |
| Total Federal Program Revenues | - | 1,628,382 | 1,628,382 | 1,223,100 |
| Net Assets Released from Restrictions: | | | | |
| Restrictions Satisfied by Payments | 24,791,262 | (24,791,262) | - | - |
| Total Revenues | 25,762,540 | (528,380) | 25,234,160 | 18,578,722 |
| Expenses | | | | |
| 11 Instruction | 15,546,679 | - | 15,546,679 | 10,591,306 |
| 12 Instructional Resources and Media Services | - | - | - | 299 |
| 13 Curriculum Development and Instructional Staff Development | 923,687 | - | 923,687 | 863,311 |
| 21 Instructional Leadership | 1,192,212 | - | 1,192,212 | 1,063,980 |
| 23 School Leadership | 2,510,064 | - | 2,510,064 | 1,430,896 |
| 33 Health Services | 12,239 | - | 12,239 | 2,141 |
| 34 Student (Pupil) Transportation | 172,111 | - | 172,111 | - |
| 35 Food Services | 577,607 | - | 577,607 | 683,877 |
| 36 Cocurricular/Extracurricular Activities | 305,885 | - | 305,885 | 392,175 |
| 41 General Administration | 251,247 | - | 251,247 | 218,333 |
| 51 Plant Maintenance and Operations | 3,183,793 | - | 3,183,793 | 2,627,176 |
| 52 Security and Monitoring Services | 63,754 | - | 63,754 | 30,530 |
| 53 Data Processing Services | 80,202 | - | 80,202 | 80,330 |
| 71 Debt Service | 943,058 | - | 943,058 | 215,439 |
| Total Expenses | 25,762,538 | - | 25,762,538 | 18,199,793 |
| Gain on Termination of Occupancy Lease | 377,826 | - | 377,826 | - |
| Gain on Liquidated Damages | 800,000 | - | 800,000 | - |
| Change in Net Assets | 1,177,828 | (528,380) | 649,448 | 378,929 |
| Net Assets, beginning of year | 588,134 | 1,982,210 | 2,570,344 | 2,191,415 |
| Net Assets, end of year | \$ 1,765,962 | \$ 1,453,830 | \$ 3,219,792 | \$ 2,570,344 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|--|-------------------------------|----------------------------|---------------------|---------------------|
| Revenues | | | | |
| Local Support: | | | | |
| 5740 Other Revenues from Local Sources | \$ 392,444 | \$ 520,000 | \$ 912,444 | \$ 739,286 |
| 5750 Revenue from Cocurricular Activities | 807,321 | - | 807,321 | 715,500 |
| Total Local Support | <u>1,199,765</u> | <u>520,000</u> | <u>1,719,765</u> | <u>1,454,786</u> |
| State Program Revenues: | | | | |
| 5810 Foundation School Program Act Revenues | - | 33,186,855 | 33,186,855 | 20,657,169 |
| 5820 State Program Revenues Distributed by Texas Education Agency | - | 490,872 | 490,872 | 132,064 |
| 5830 State Revenues from State Agencies | - | 172,420 | 172,420 | - |
| Total State Program Revenues | <u>-</u> | <u>33,850,147</u> | <u>33,850,147</u> | <u>20,789,233</u> |
| Federal Program Revenues: | | | | |
| 5920 Federal Revenues Distributed by Texas Education Agency | - | 2,826,896 | 2,826,896 | 2,521,957 |
| Total Federal Program Revenues | <u>-</u> | <u>2,826,896</u> | <u>2,826,896</u> | <u>2,521,957</u> |
| Net Assets Released from Restrictions: | | | | |
| Restrictions Satisfied by Payments | 35,027,416 | (35,027,416) | - | - |
| Total Revenues | <u>36,227,181</u> | <u>2,169,627</u> | <u>38,396,808</u> | <u>24,765,976</u> |
| Expenses | | | | |
| 11 Instruction | 22,483,072 | - | 22,483,072 | 13,545,309 |
| 12 Instructional Resources and Media Services | - | - | - | 40,838 |
| 13 Curriculum Development and Instructional Staff Development | 1,429,533 | - | 1,429,533 | 1,042,598 |
| 21 Instructional Leadership | 1,784,584 | - | 1,784,584 | 1,266,855 |
| 23 School Leadership | 3,287,489 | - | 3,287,489 | 2,282,145 |
| 33 Health Services | 8,098 | - | 8,098 | 22,201 |
| 35 Food Services | 1,010,088 | - | 1,010,088 | 947,163 |
| 36 Cocurricular/Extracurricular Activities | 464,677 | - | 464,677 | 498,875 |
| 41 General Administration | 286,437 | - | 286,437 | 174,592 |
| 51 Plant Maintenance and Operations | 4,355,609 | - | 4,355,609 | 6,325,893 |
| 52 Security and Monitoring Services | 38,750 | - | 38,750 | 2,195 |
| 53 Data Processing Services | 13,350 | - | 13,350 | 14,518 |
| 71 Debt Service | 1,065,494 | - | 1,065,494 | 171,160 |
| Total Expenses | <u>36,227,181</u> | <u>-</u> | <u>36,227,181</u> | <u>26,334,342</u> |
| Gain on Termination of Occupancy Lease | 2,803,322 | - | 2,803,322 | - |
| Change in Net Assets | <u>2,803,322</u> | <u>2,169,627</u> | <u>4,972,949</u> | <u>(1,568,366)</u> |
| Net Assets, beginning of year | 534,479 | 2,941,826 | 3,476,305 | 5,044,671 |
| Net Assets, end of year | <u>\$ 3,337,801</u> | <u>\$ 5,111,453</u> | <u>\$ 8,449,254</u> | <u>\$ 3,476,305</u> |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|---|-------------------------------|----------------------------|---------------|---------------|
| Revenues | | | | |
| Local Support: | | | | |
| 5740 Other Revenues from Local Sources | \$ - | \$ 4,819,090 | \$ 4,819,090 | \$ 3,787,211 |
| Total Local Support | - | 4,819,090 | 4,819,090 | 3,787,211 |
| Net Assets Released from Restrictions: | | | | |
| Restrictions Satisfied by Payments | 4,437,587 | (4,437,587) | - | - |
| Total Revenues | 4,437,587 | 381,503 | 4,819,090 | 3,787,211 |
| Expenses | | | | |
| 13 Curriculum Development and Instructional | | | | |
| Staff Development | 49,829 | - | 49,829 | 52,457 |
| 21 Instructional Leadership | 6,827 | - | 6,827 | - |
| 41 General Administration | 4,196,031 | - | 4,196,031 | 3,337,664 |
| 51 Plant Maintenance and Operations | 184,900 | - | 184,900 | 142,335 |
| Total Expenses | 4,437,587 | - | 4,437,587 | 3,532,456 |
| Change in Net Assets | - | 381,503 | 381,503 | 254,755 |
| Net Assets, beginning of year | - | 254,755 | 254,755 | - |
| Net Assets, end of year | \$ - | \$ 636,258 | \$ 636,258 | \$ 254,755 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period June 30, 2019)

| | 2020 | 2019 |
|---|----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 649,448 | \$ 378,929 |
| Adjustments to reconcile change in net assets to net Cash Provided (Used) by Operating Activities: | | |
| Depreciation expense | 839,964 | 468,702 |
| Amortization of Issuance costs | 55,599 | 1,320 |
| Amortization of Premium | (105,158) | - |
| (Increase) Decrease in Grants Receivable | (1,637,459) | (527,528) |
| (Increase) Decrease in Other Receivable | (803,000) | 65,007 |
| (Increase) Decrease in Deposits | 160,000 | (322,606) |
| Increase (Decrease) in Accounts Payable | 423,269 | 5,849 |
| Increase (Decrease) in Accrued Liabilities | 193,575 | (40,099) |
| Increase (Decrease) in Accrued Wages | 666,536 | (98,350) |
| Increase (Decrease) in Payroll Taxes Payable | 107,044 | 293 |
| Increase (Decrease) in Interest Payable | 1,620,974 | (3,542) |
| Increase (Decrease) in Deferred Rent | (393,353) | 19,242 |
| Increase (Decrease) in Due from Related Entities | 654,963 | - |
| Total Adjustments | 1,782,954 | (431,712) |
| Net Cash Provided (Used) By Operating Activities | 2,432,402 | (52,783) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash paid for purchases of fixed assets | (19,168,824) | (867,045) |
| Net Cash Provided (Used) By Investing Activities | (19,168,824) | (867,045) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Loans | 174,386 | 1,797,278 |
| Proceeds from Bonds | 86,392,527 | - |
| Repayment of Issuance Cost | (2,981,007) | - |
| Repayment of Loans | (1,763,335) | - |
| Repayment of Capital Leases | (89,822) | (84,226) |
| Repayments of Bonds | (260,000) | (251,125) |
| Net Cash Provided (Used) By Financing Activities | 81,472,749 | 1,461,927 |
| NET INCREASE (DECREASE) IN CASH | 64,736,327 | 542,099 |
| CASH AT BEGINNING OF YEAR | 2,297,463 | 1,755,364 |
| CASH AT END OF YEAR | \$ 67,033,790 | \$ 2,297,463 |
| CASH PAID DURING THE YEAR FOR: | | |
| INTEREST | \$ 887,459 | \$ 214,118 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | 2020 | 2019 |
|---|---------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 4,972,949 | \$ (1,568,366) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 726,617 | 603,852 |
| Amortization of Issuance costs | 75,785 | 16,688 |
| Amortization of Premium | (119,161) | - |
| (Increase) Decrease in Grants Receivable | (3,265,000) | 417,492 |
| (Increase) Decrease in Due from Related Entities | (654,963) | - |
| (Increase) Decrease in Deposits | 134,913 | (460,264) |
| Increase (Decrease) in Accounts Payable | 531,092 | 18,553 |
| Increase (Decrease) in Accrued Liabilities | 310,890 | (25,454) |
| Increase (Decrease) in Accrued Wages | 1,102,878 | 14,227 |
| Increase (Decrease) in Payroll Taxes Payable | 170,988 | 16,155 |
| Increase (Decrease) in Interest Payable | 1,940,907 | (1,830) |
| Increase (Decrease) in Deferred Rent | (2,480,031) | 2,480,031 |
| Total Adjustments | (1,525,085) | 3,079,450 |
| Net Cash Provided (Used) By Operating Activities | 3,447,864 | 1,511,084 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash paid for purchases of fixed assets | (47,552,079) | (1,811,343) |
| Net Cash Provided (Used) By Investing Activities | (47,552,079) | (1,811,343) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Loans | 299,354 | 1,988,847 |
| Proceeds from Bonds | 103,475,178 | - |
| Repayment of Issuance Cost | (3,570,656) | - |
| Repayment of Loans | (2,068,895) | (192,555) |
| Repayment of Capital Leases | (30,370) | (28,699) |
| Repayments of Bonds | (190,000) | (183,875) |
| Net Cash Provided (Used) By Financing Activities | 97,914,611 | 1,583,718 |
| NET INCREASE (DECREASE) IN CASH | 53,810,396 | 1,283,459 |
| CASH AT BEGINNING OF YEAR | 4,487,921 | 3,204,462 |
| CASH AT END OF YEAR | \$ 58,298,317 | \$ 4,487,921 |
| CASH PAID DURING THE YEAR FOR: | | |
| INTEREST | \$ 989,709 | \$ 154,471 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | 2020 | 2019 |
|---|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 381,503 | \$ 254,755 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | - | 1,263 |
| (Increase) Decrease in Deposits | - | (11,966) |
| (Increase) Decrease in Due from Related Entities | (836,597) | - |
| Increase (Decrease) in Accounts Payable | (10,100) | 10,100 |
| Increase (Decrease) in Accrued Liabilities | 39,661 | 94,438 |
| Increase (Decrease) in Accrued Wages | 109,598 | 350,119 |
| Increase (Decrease) in Payroll Taxes Payable | 17,423 | 43,973 |
| Increase (Decrease) in Deferred Rent | (8,995) | 39,725 |
| Total Adjustments | (689,010) | 527,652 |
| Net Cash Provided (Used) By Operating Activities | (307,507) | 782,407 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash paid for purchases of fixed assets | - | (21,647) |
| Net Cash Provided (Used) By Investing Activities | - | (21,647) |
| NET INCREASE (DECREASE) IN CASH | (307,507) | 760,760 |
| CASH AT BEGINNING OF YEAR | 760,760 | - |
| CASH AT END OF YEAR | \$ 453,253 | \$ 760,760 |
| CASH PAID DURING THE YEAR FOR: | | |
| INTEREST | \$ - | \$ - |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| EXPENSES | 2020 | 2019 |
|---|---------------|---------------|
| 6100 Payroll Costs | \$ 15,918,136 | \$ 10,717,357 |
| 6200 Professional and Contracted Services | 6,104,401 | 5,192,493 |
| 6300 Supplies and Materials | 1,309,229 | 880,972 |
| 6400 Other Operating Costs | 1,487,714 | 1,193,532 |
| 6500 Debt | 943,058 | 215,439 |
| Total Expenses | \$ 25,762,538 | \$ 18,199,793 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
SCHEDULE OF EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | 2020 | 2019 |
|---|---------------|---------------|
| EXPENSES | | |
| 6100 Payroll Costs | \$ 22,768,376 | \$ 13,675,706 |
| 6200 Professional and Contracted Services | 8,977,456 | 9,554,582 |
| 6300 Supplies and Materials | 1,769,430 | 1,693,173 |
| 6400 Other Operating Costs | 1,646,425 | 1,239,721 |
| 6500 Debt | 1,065,494 | 171,160 |
| Total Expenses | \$ 36,227,181 | \$ 26,334,342 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Period Ended June 30, 2019)

| | 2020 | 2019 |
|---|--------------|--------------|
| EXPENSES | | |
| 6100 Payroll Costs | \$ 3,890,671 | \$ 2,758,948 |
| 6200 Professional and Contracted Services | 290,119 | 498,348 |
| 6300 Supplies and Materials | 54,129 | 69,443 |
| 6400 Other Operating Costs | 202,668 | 205,717 |
| Total Expenses | \$ 4,437,587 | \$ 3,532,456 |

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

| | Ownership Interest | | |
|--------------------------------|--------------------|---------------|------------|
| | Local | State | Federal |
| 1110 Cash | \$ 362,379 | \$ 66,562,178 | \$ 109,233 |
| 1510 Land | - | 12,035,790 | - |
| 1520 Building and Improvements | 20,540 | 14,169,782 | - |
| 1549 Furniture and Equipment | - | 2,278,534 | 294,292 |
| 1559 Capital Leases | - | 546,948 | - |
| | - | 546,948 | - |
| Total Capital Assets | \$ 382,919 | \$ 95,593,232 | \$ 403,525 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

| | Ownership Interest | | |
|--------------------------------|--------------------|----------------|--------------|
| | Local | State | Federal |
| 1110 Cash | \$ 488,014 | \$ 57,690,907 | \$ 119,396 |
| 1510 Land | - | 10,195,591 | - |
| 1520 Building and Improvements | 61,094 | 41,679,434 | - |
| 1549 Furniture and Equipment | - | 2,328,218 | 995,114 |
| 1559 Capital Leases | - | 91,739 | - |
| 1569 Library Books and Media | - | - | 10,250 |
| Total Capital Assets | \$ 549,108 | \$ 111,985,889 | \$ 1,124,760 |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

| | Ownership Interest | | |
|--------------------------------|--------------------|------------|---------|
| | Local | State | Federal |
| 1110 Cash | \$ - | \$ 453,253 | \$ - |
| 1520 Building and Improvements | - | 21,647 | - |
| Total Capital Assets | \$ - | \$ 474,900 | \$ - |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance from Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local Support: | | | | |
| 5740 Other Revenues from Local Sources | \$ 62,000 | \$ 1,123,705 | \$ 977,899 | \$ (145,806) |
| 5750 Revenue from Cocurricular Activities | 470,000 | 495,100 | 493,379 | (1,721) |
| Total Local Support | <u>532,000</u> | <u>1,618,805</u> | <u>1,471,278</u> | <u>(147,527)</u> |
| State Program Revenues: | | | | |
| 5810 Foundation School Program Act Revenues | 18,123,493 | 21,587,782 | 21,582,409 | (5,373) |
| 5820 State Program Revenues Distributed by Texas Education Agency | 50,000 | 514,000 | 380,691 | (133,309) |
| 5830 State Revenues from State Agencies | - | - | 171,400 | 171,400 |
| Total State Program Revenues | <u>18,173,493</u> | <u>22,101,782</u> | <u>22,134,500</u> | <u>32,718</u> |
| Federal Program Revenues: | | | | |
| 5920 Federal Revenue Distributed by TEA | 1,351,248 | 1,700,000 | 1,628,382 | (71,618) |
| Total Federal Program Revenues | <u>1,351,248</u> | <u>1,700,000</u> | <u>1,628,382</u> | <u>(71,618)</u> |
| Total Revenues | <u>20,056,741</u> | <u>25,420,587</u> | <u>25,234,160</u> | <u>(186,427)</u> |
| EXPENSES | | | | |
| 11 Instruction | 11,453,857 | 15,611,716 | 15,546,679 | 65,037 |
| 12 Instructional Resources and Media Services | 324 | - | - | - |
| 13 Curriculum Development and Instructional Staff Development | 932,228 | 823,798 | 923,687 | (99,889) |
| 21 Instructional Leadership | 1,127,480 | 994,148 | 1,192,212 | (198,064) |
| 23 School Leadership | 1,086,487 | 2,497,764 | 2,510,064 | (12,300) |
| 33 Health Services | 7,864 | 12,864 | 12,239 | 625 |
| 34 Student (Pupil) Transportation | - | 175,000 | 172,111 | 2,889 |
| 35 Food Services | 510,000 | 553,613 | 577,607 | (23,994) |
| 36 Cocurricular/Extracurricular Activities | 350,000 | 309,956 | 305,885 | 4,071 |
| 41 General Administration | 65,000 | 210,000 | 251,247 | (41,247) |
| 51 Plant Maintenance and Operations | 3,659,447 | 3,074,475 | 3,183,793 | (109,318) |
| 52 Security and Monitoring Services | 11,256 | 62,792 | 63,754 | (962) |
| 53 Data Processing Services | 132,620 | 82,597 | 80,202 | 2,395 |
| 71 Debt Service | 227,097 | 939,097 | 943,058 | (3,961) |
| Total Expenses | <u>19,563,660</u> | <u>25,347,820</u> | <u>25,762,538</u> | <u>(414,718)</u> |
| Gain on Termination of Occupancy Lease | - | - | 377,826 | 377,826 |
| Gain on Liquidated Damages | - | - | 800,000 | 800,000 |
| Change in Net Assets | <u>493,081</u> | <u>72,767</u> | <u>649,448</u> | <u>576,681</u> |
| Net Assets, beginning of year | <u>2,570,344</u> | <u>2,570,344</u> | <u>2,570,344</u> | <u>-</u> |
| Net Assets, end of year | <u>\$ 3,063,425</u> | <u>\$ 2,643,111</u> | <u>\$ 3,219,792</u> | <u>\$ 576,681</u> |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance from Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local Support: | | | | |
| 5740 Other Revenues from Local Sources | \$ 271,000 | \$ 1,387,022 | \$ 912,444 | \$ (474,578) |
| 5750 Revenue from Cocurricular Activities | 630,000 | 812,000 | 807,321 | (4,679) |
| Total Local Support | <u>901,000</u> | <u>2,199,022</u> | <u>1,719,765</u> | <u>(479,257)</u> |
| State Program Revenues: | | | | |
| 5810 Foundation School Program Act Revenues | 28,602,651 | 33,223,500 | 33,186,855 | (36,645) |
| 5820 State Program Revenues Distributed by Texas Education Agency | 25,000 | 735,000 | 490,872 | (244,128) |
| 5830 State Revenues from State Agencies | - | - | 172,420 | 172,420 |
| Total State Program Revenues | <u>28,627,651</u> | <u>33,958,500</u> | <u>33,850,147</u> | <u>(108,353)</u> |
| Federal Program Revenues: | | | | |
| 5920 Federal Revenue Distributed by TEA | 2,580,000 | 3,109,400 | 2,826,896 | (282,504) |
| Total Federal Program Revenues | <u>2,580,000</u> | <u>3,109,400</u> | <u>2,826,896</u> | <u>(282,504)</u> |
| Total Revenues | <u>32,108,651</u> | <u>39,266,922</u> | <u>38,396,808</u> | <u>(870,114)</u> |
| Expenses | | | | |
| 11 Instruction | 16,157,352 | 23,500,000 | 22,483,072 | 1,016,928 |
| 12 Instructional Resources and Media Services | - | - | - | - |
| 13 Curriculum Development and Instructional Staff Development | 1,324,558 | 1,235,000 | 1,429,533 | (194,533) |
| 21 Instructional Leadership | 1,680,538 | 1,475,000 | 1,784,584 | (309,584) |
| 23 School Leadership | 2,384,388 | 3,290,000 | 3,287,489 | 2,511 |
| 33 Health Services | 24,082 | 8,098 | 8,098 | - |
| 35 Food Services | 780,000 | 940,500 | 1,010,088 | (69,588) |
| 36 Cocurricular/Extracurricular Activities | 490,000 | 464,677 | 464,677 | - |
| 41 General Administration | 91,000 | 218,911 | 286,437 | (67,526) |
| 51 Plant Maintenance and Operations | 4,835,604 | 3,920,000 | 4,355,609 | (435,609) |
| 52 Security and Monitoring Services | 21,894 | 38,800 | 38,750 | 50 |
| 53 Data Processing Services | 61,892 | 13,400 | 13,350 | 50 |
| 71 Debt Service | 118,151 | 1,041,359 | 1,065,494 | (24,135) |
| Total Expenses | <u>27,969,459</u> | <u>36,145,745</u> | <u>36,227,181</u> | <u>(81,437)</u> |
| Gain on Termination of Occupancy Lease | - | - | 2,803,322 | 2,803,322 |
| Change in Net Assets | <u>4,139,192</u> | <u>3,121,177</u> | <u>4,972,949</u> | <u>1,851,772</u> |
| Net Assets, beginning of year | <u>3,476,305</u> | <u>3,476,305</u> | <u>3,476,305</u> | <u>-</u> |
| Net Assets, end of year | <u>\$ 7,615,497</u> | <u>\$ 6,597,482</u> | <u>\$ 8,449,254</u> | <u>\$ 1,851,772</u> |

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance from Final Budget</u> |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local Support: | | | | |
| 5740 Other Revenues from Local Sources | \$ 4,753,532 | \$ 5,407,025 | \$ 4,819,090 | \$ (587,935) |
| Total Local Support | <u>4,753,532</u> | <u>5,407,025</u> | <u>4,819,090</u> | <u>(587,935)</u> |
| Total Revenues | <u>4,753,532</u> | <u>5,407,025</u> | <u>4,819,090</u> | <u>(587,935)</u> |
| Expenses | | | | |
| 13 Curriculum Development and Instructional Staff Development | 1,611,000 | 1,000 | 49,829 | (48,829) |
| 21 Instructional Leadership | - | - | 6,827 | (6,827) |
| 41 General Administration | 2,436,719 | 4,701,342 | 4,196,031 | 505,311 |
| 51 Plant Maintenance and Operations | 239,734 | 276,227 | 184,900 | 91,327 |
| Total Expenses | <u>4,287,453</u> | <u>4,978,569</u> | <u>4,437,587</u> | <u>540,982</u> |
| Change in Net Assets | <u>466,079</u> | <u>428,456</u> | <u>381,503</u> | <u>(46,953)</u> |
| Net Assets, beginning of year | <u>254,755</u> | <u>254,755</u> | <u>254,755</u> | <u>-</u> |
| Net Assets, end of year | <u>\$ 720,834</u> | <u>\$ 683,211</u> | <u>\$ 636,258</u> | <u>\$ (46,953)</u> |

See accompanying notes to financial statements.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RWEF, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RWEF, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of RWEF, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RWEF, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Ramsey & Company". The signature is written in black ink and is positioned above the typed text.

Houston, TX
December 11, 2020

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Riverwalk Education Foundation, Inc. (RWEF, Inc.)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of RWEF, Inc.'s major federal programs for the year ended June 30, 2020. RWEF, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of RWEF, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RWEF, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of RWEF, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Riverwalk Education Foundation, Inc. (RWEF, Inc.) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

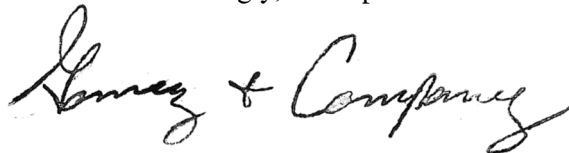
Report on Internal Control Over Compliance

Management of RWEF, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RWEF, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RWEF, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Ramey & Company". The signature is written in dark ink and is positioned above the typed name and date.

Houston, TX
December 11, 2020

RIVERWALK EDUCATION FOUNDATION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2020

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses on internal control over financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses on internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).
7. Major programs:

U.S. Department of Education
 Passed – Through Texas Education Agency
 Charter Schools Program

CFDA Number 84.282
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. RWEF, Inc. qualifies as a low-risk auditee.

| <u>Current Year Findings</u> | <u>Questioned Costs</u> |
|--|-----------------------------|
| No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516 (a). | \$-0- |

* Denotes cluster

RIVERWALK EDUCATION FOUNDATION, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2020

No findings were noted as per governmental auditing standards and 2 CFR section 200.516(a) for the year ended June 30, 2019.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

| Federal Grantor/ Pass - Through Grantor/ Program Title | Federal CFDA Number | Pass - Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-------------------------|
| <u>U.S. Department of Education</u> | | | |
| Passed - Through Texas Education Agency: | | | |
| Title I, Part A-Improving Basic Programs | 84.010A | 19610101015827 | \$ 14,969 |
| Title I, Part A-Improving Basic Programs | 84.010A | 19610101015831 | 8,056 |
| Title I, Part A-Improving Basic Programs | 84.010A | 20610101015827 | 308,056 |
| Title I, Part A-Improving Basic Programs | 84.010A | 20610101015831 | 469,257 |
| Title I, Part A-Improving Basic Programs | 84.010A | 20610141015827 | 29,788 |
| IDEA, Part B-Formula | 84.027A | 206600010158276000 | 237,147 |
| IDEA, Part B-Formula | 84.027A | 206600010158316000 | 262,255 |
| Charter Schools | 84.282 | 185901017110007 | 399,694 |
| Charter Schools | 84.282 | 185901017110008 | 511,774 |
| Charter Schools | 84.282 | 185901017110009 | 394,306 |
| Charter Schools | 84.282 | 185901057110015 | 154,966 |
| Title II, Part A-Teacher & Principal Training | 84.367A | 19694501015827 | 3,526 |
| Title II, Part A-Teacher & Principal Training | 84.367A | 19694501015831 | 2,338 |
| Title II, Part A-Teacher & Principal Training | 84.367A | 20694501015827 | 41,173 |
| Title II, Part A-Teacher & Principal Training | 84.367A | 20694501015831 | 59,807 |
| Title III, Part A-LEP | 84.365A | 20671001015827 | 29,889 |
| Title III, Part A-LEP | 84.365A | 20671001015831 | 27,284 |
| Title IV, Part A, Subpart 1 | 84.424A | 20680101015827 | 19,212 |
| Title IV, Part A, Subpart 1 | 84.424A | 20680101015831 | <u>15,068</u> |
| Total U.S. Department of Education | | | <u>2,988,565</u> |
| <u>U.S. Department of Agriculture</u> | | | |
| Passed - Through Texas Education Agency | | | |
| Federal Food Service Reimbursement | | | |
| Breakfast | 10.553 | 71401901 | 53,484 |
| Breakfast | 10.553 | 71402001 | 242,959 |
| Breakfast | 10.553 | 52402001 | 18,099 |
| Lunch | 10.555 | 71301901 | 189,951 |
| Lunch | 10.555 | 71302001 | 860,276 |
| Lunch | 10.555 | 52302001 | 28,795 |
| Passed - Through Texas Department of Agriculture | | | |
| USDA Commodity Food Distribution | 10.555 | | <u>73,149</u> |
| Total U.S. Department of Agriculture | | | <u>1,466,713</u> |
| Total Federal Financial Assistance | | | <u>\$ 4,455,278</u> |

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of Riverwalk Education Foundation, Inc. (RWEF, Inc.) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of RWEF, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of RWEF, Inc.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

RWEF, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

The Organization did not provide federal awards to subrecipients.